



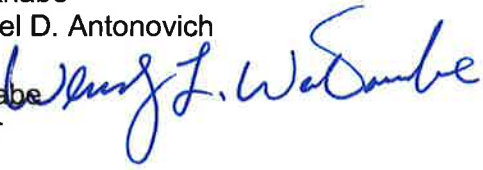
**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

May 17, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Auditor-Controller

SUBJECT: **TEEN'S HAPPY HOMES, INC. – A FOSTER FAMILY AGENCY AND GROUP
HOME FOSTER CARE CONTRACT PROVIDER – FISCAL REVIEW AND
REVIEW OF FISCAL AND MANAGEMENT ALLEGATIONS**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Teen's Happy Homes, Inc. (Teen's or Agency), from January 1 through December 31, 2009. The results of our fiscal review are discussed in Attachment I of this report.

We also reviewed 20 allegations of fiscal and management issues at Teen's, received from the Auditor-Controller's fraud hotline, a Board office's referral, and three informants who were previously associated with Teen's. The results of our review of these allegations are discussed in Attachment II of this report, and summarized in Exhibit I (Attached).

DCFS contracts with Teen's for Foster Family Agency (FFA) services to recruit, certify, train, and support foster family homes. Teen's is also licensed to operate one group home (GH) with a resident capacity of six children. Teen's office and GH are located in the Second Supervisorial District.

At the time of our review, Teen's had 202 children placed by Los Angeles County in 83 certified foster homes. DCFS paid the Agency between \$1,430 and \$1,865 per child per month, for a total of \$3,341,685. Teen's paid \$1,482,052 (44%) directly to the foster parents, which exceeds the State's minimum requirement of 40%.

In addition, DCFS and the Probation Department contract with Teen's to care for foster children placed in the Agency's GH. DCFS paid Teen's \$3,889 per child per month, based on a rate determined by the California Department of Social Services, for a total of \$212,988 in 2009.

Teen's also operated a mentoring program under a grant from the federal government during the review period.

Summary of Fiscal Audit Findings

We identified \$27,623 in unallowable costs, including payments for the Executive Director's (ED) personal vehicle, a vehicle allowance, personal and non FFA/GH related travel expenditures, and penalties and interest payments. We also identified \$79,746 in unsupported/inadequately supported wages, payments to independent contractors, cell phone charges, credit card charges, payments to employees, water delivery to the ED's home, automatic payments to a vendor, and clothing disbursements.

Teen's needs to strengthen its controls over accounting and disbursement procedures, payroll/personnel, employee classification, reporting payments to independent contractors, separation of duties, bank reconciliations, and fixed assets. Teen's also needs to develop a cost allocation plan, ensure the Agency's Board of Director meeting minutes comply with State law, and that the Agency submits its Semi-Annual Expenditure Reports as required in the FFA and GH Contracts.

As part of our fiscal review, we followed-up on eight recommendations from our December 10, 2003 review of Teen's, and noted that the Agency had implemented five (63%) of the recommendations.

Details of the results of our fiscal review of Teen's are included in Attachment I of this report.

Summary of Allegation Review

We reviewed the 20 allegations, and substantiated five (25%) allegations; partially substantiated three (15%) allegations; did not review one (5%) allegation, and did not substantiate eleven (55%) allegations. Exhibit I is a summary of the allegations and the results of our review. Attachment II is the detailed results of our review of the allegations.

Most of the 20 allegations we reviewed claimed that Teen's had used foster care funds inappropriately. We included any unallowable or questionable use of foster care funds noted in our review of the allegations in the results of our fiscal review.

The five substantiated allegations were that Teen's:

- Used foster care funds to pay for the ED's personal vehicle. (See Allegation 2)
- Circumvented the Agency's payment approval process. (See Allegation 4)
- Paid the ED's personal credit card expenses, and other credit card expenditures without supporting documentation to substantiate that the expenditures were Program-related. (See Allegation 7)

- Increased the ED's salary, while other employees were placed on unpaid furloughs. (See Allegation 8)
- Made inappropriate payments to a former foster child for supposed maintenance services while the former foster child was out of the State. (See Allegation 9)

The three partially substantiated allegations were that Teen's:

- Made salary payments to the Operations Manager (OM), who is also ED's daughter, between June 2008 through most of 2010 while she was absent due to a serious medical condition. Our review of the OM's work product and interviews with Teen's staff indicate the OM was paid when she may not have been working from June 2008 to July 2009. However, we did note that she did work after July 2009, and was present at the facility beginning in September 2009. (See Allegation 1)
- Made payroll payments to an individual whose employment at the Agency was questionable. Our review indicates that Teen's paid \$19,200 in wages to an individual for whom Teen's did not have a legitimate personnel file, and the GH Administrator during this period did not have any knowledge of the work this individual did for Teen's. In addition, Teen's could not produce any work done by the individual for the period in question. (See Allegation 10)
- Used foster care funds for some unallowable and questioned costs. Our review confirmed that Teen's used some foster care funds for unallowable and questioned costs. However, it should be noted that Teen's did comply with the State's minimum requirement for payments to foster families, and the County's program monitoring reports did not identify material instances of non-compliance with program requirements. (See Allegation 14)

Allegations 3, 5, 6, 11, 12, 13, 15, 16, 17, 18, and 20 were not substantiated. Allegation 19 was not investigated because it was not funded with County foster care funds.

Based on the significant issues identified in our fiscal and management allegations reviews, we recommend that DCFS immediately place Teen's in the County's Contractor Alert Reporting Database (CARD), and reevaluate the need to continue doing business with Teen's. If DCFS continues to contract with Teen's, DCFS should ensure that Teen's management takes action to address the recommendations in this report, and monitor to ensure that the actions result in permanent changes. DCFS should also resolve the questioned costs, and collect any disallowed amounts.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayment of questioned costs from fiscal audits. Our report was also delayed by the need to review the 20 allegations involving Teen's, which were received between August 2010 and August 2012. To enable Teen's to begin taking immediate corrective action, we discussed the findings from our review with the Agency management on November 4, 2010, January 7, 2013, and February 14, 2013. We also held an exit conference with Teen's on May 8, 2013.

Review of Report

In light of the serious findings and numerous discussions with Teen's, we are issuing this report before the Agency's appeal period and submission of their Fiscal Corrective Action Plan.

The findings and conclusions in this audit are subject to further review, and possible revision, based on Teen's pursuit of its regulatory due process rights to challenge the audit findings under applicable law. The Agency will provide their response to DCFS, who will prepare a Fiscal Corrective Action Plan (FCAP) and submit it directly to your Board.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including, but not limited to, Welfare and Institutions Code Sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist DCFS in managing its contractual relationships. Consequently, this report is being forwarded to DCFS, so that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

We thank Teen's management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:JLS:RS

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, DCFS
Jerry E. Powers, Chief Probation Officer
Reaver E. Bingham, Deputy Chief, Probation Department
Beautina Robinson, Executive Director, Teen's Happy Homes, Inc.
Board of Directors, Teen's Happy Homes, Inc.
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services
Commission for Children and Families
Children's Deputies
Public Information Office
Audit Committee

Teen's Happy Homes, Inc.
Foster Family Agency and Group Home Contract Provider
Fiscal Review

REVIEW OF EXPENDITURES/REVENUES

We identified \$27,623 in unallowable costs, and \$79,746 in unsupported/inadequately supported costs. Details of these costs are discussed below.

Applicable Regulations and Guidelines

Teen's Happy Homes, Inc. (Teen's or Agency) is required to operate its Foster Family Agency (FFA) and group home (GH) in accordance with the following federal, State, and County regulations and guidelines:

- FFA and GH Contracts (Contract), including the Auditor-Controller's Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular A-122)
- California Department of Social Services' Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Unallowable Costs

We identified \$27,623 in unallowable expenditures specifically, Teen's spent:

- \$23,032 in payments for the Executive Director's (ED) personal car, car insurance, and a satellite radio. Agency management claimed it made the payments as repayment for loans the ED made to the Agency dating back to 2003. Teen's provided us with copies of cashier's checks, totaling \$14,000, that were deposited into the Agency's bank account in October 2004 and March 2007, which they indicated were loans from the ED. However, the ED and the Agency were unable to provide documentation that the funds deposited into the Agency's bank account came from the ED, or that the Agency's Board of Directors (Board) had approved a loan from the ED or an agreement to pay the money back.

Teen's subsequently indicated that the vehicle was used for Agency-related travel. However, the Agency had no mileage logs documenting when the vehicle was used for Agency-related business. They only had store receipts they indicated were from Agency-related shopping trips that were made using the vehicle. As a result of our review, Teen's created mileage logs based on the store receipts, long after the

dates of travel, which did not appear to accurately reflect actual business miles or personal travel.

- \$1,500 in vehicle allowance payments to the ED, which were in addition to the car payments discussed earlier, with no documentation that the vehicle was used for Agency-related business. Circular A-122 Section 19 states that costs for personal expenses are unallowable.
- \$2,466 in credit card expenditures for the ED's personal and non-FFA/GH-related travel. Only costs that are related to FFA/GH Programs are allowable.
- \$625 in penalties and interest payments. Circular A-122 Sections 16 and 23 state that penalties and interest are unallowable. Our 2003 report also noted unallowable penalties and interest payments.

Unsupported/Inadequately Supported Costs

A-C Handbook Section A.3.2 states that all expenditures must be supported by original vouchers, invoices, receipts, or other supporting documents; and that unsupported expenditures will be disallowed upon audit. We identified \$79,746 in expenditures that were either unsupported or inadequately supported. Specifically:

- \$68,769 in inadequately supported wages. The Agency did not provide sufficient documentation to substantiate wages paid to two individuals. One employee was paid \$49,569 while she was out for medical reasons. The other individual was paid \$19,200, and her employment at the Agency was questionable. Teen's did not have a legitimate personnel file for the individual, and the GH Administrator during this period indicated she did not have any knowledge of work the individual performed for the Agency. In addition, the Agency could not produce any work done by the individual for the period in question.
- \$4,010 in inadequately supported payments to independent contractors. The Agency paid one vendor, a former foster child, \$2,700 for janitorial services while the person was going to school in another State. The Agency did not have invoices or other supporting documentation for the remaining \$1,610 to establish the expenditures were FFA/GH-related. For example, the Agency paid one vendor \$850 in November 2009, but provided an invoice from December 2010 to support the payment.

In December 2012, Teen's ED purchased a \$1,200 cashier's check, with funds she indicated were recovered from the former foster child to repay a portion of the questioned expenditure. We verified that the cashier's check was deposited into the Agency's bank account. However, we were unable to verify the source of the funds.

- \$2,313 in inadequately supported cell phone charges. Teen's did not provide documentation that the charges were related to the County foster care program. In addition, some of the charges appeared to be unreasonable and unnecessary. For example, the ED was assigned three separate cell phones. Another employee made a number of out-of-State calls on an Agency cell phone, but did not document the business purpose of the calls. Finally, the Agency paid two employees' personal cell phone bills in full, without determining the percentage of business calls. Teen's needs to establish a cell phone policy to ensure that it only pays for Agency-related expenses.
- \$2,987 in inadequately supported credit card charges. The Agency provided credit card statements, but no itemized receipts, or the receipts provided were inadequate to substantiate that the expenditures were FFA/GH-related. The charges included \$1,082 for a stove that was not at the GH location.
- \$1,379 in inadequately supported payments to employees, Arrowhead water delivered to the ED's home, and an automatic payment to a vendor with no documentation that the charge was related to the FFA/GH Programs. Other questioned expenditures include a hotel room for a contract bookkeeper for training unrelated to her job, payments to employees for overstated mileage claims, and reimbursements to employees with no documentation showing the payments were FFA/GH-related. Our 2003 report also noted similar inadequately supported payments to employees.
- \$288 in clothing disbursements for which the Agency did not have original receipts, or the receipts provided did not match the information in the clothing log.

As discussed later in the Allocation of Costs section of this report, Teen's did not have a formal written cost allocation plan. As a result, it is possible that some of the questioned costs discussed in this section were related to Teen's other program. Once the Agency develops a formal cost allocation plan, the Department of Children and Family Services (DCFS) will need to determine how much of the questioned costs should be recovered.

Based on the significant fiscal issues identified in our fiscal and management allegations reviews, we recommend that DCFS immediately place Teen's in the County's Contractor Alert Reporting Database (CARD), and reevaluate the need to continue doing business with Teen's. If DCFS continues to contract with Teen's, DCFS should ensure that Teen's management takes action to address the recommendations in this report, and monitor to ensure that the actions result in permanent changes. DCFS should also resolve the questioned costs, and collect any disallowed amounts.

Recommendations

1. **DCFS immediately place Teen's in CARD, and reevaluate the need to continue doing business with Teen's.**

2. If DCFS continues to contract with Teen's, DCFS ensure that Teen's management takes action to address the recommendations in this report, and monitor to ensure that the actions result in permanent changes.
3. DCFS resolve the \$107,369 (\$27,623 + \$79,746) in questioned costs, and collect any disallowed amounts.

Teen's management:

4. Ensure that foster care funds are only used for allowable expenditures.
5. Maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts.

ALLOCATION OF COSTS

Contract Section 25.2 requires agencies that operate more than one program to submit a written cost allocation plan to the County. The A-C Handbook Section C.2 also requires agencies to allocate expenditures that benefit multiple programs or funding sources on an equitable basis.

Teen's operated multiple programs, but did not have a cost allocation plan. We identified \$17,013 in shared expenditures that were completely allocated to the FFA program. Teen's needs to develop and implement a cost allocation plan as required under the Contract.

Recommendation

6. Teen's management prepare a formal cost allocation plan, and submit it to DCFS as required by the Contract.

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted some contract compliance issues and internal control weaknesses. DCFS should ensure that Teen's management takes action to address the recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Accounting Controls

A-C Handbook Section A.2 requires agencies to maintain an accounting system with separate cost center(s) for each program, which clearly identify the funds received and expended to care for children. Teen's operated the FFA and GH Programs, and a federally-funded mentoring program. The Agency's accounting system did not have separate cost centers for each program. Instead, the Agency kept separate accounting

records for each program. Separate accounting records increases the risk that the same expenses could be charged to more than one program.

In addition, we identified \$12,233 in GH salaries, payroll taxes, and employee insurance expenditures that were recorded in the FFA's accounting records. This error overstated the FFA expenses and understated the GH expenses.

We also identified a \$435 unsupported journal entry to the accounting records. A-C Handbook Section A.2.1 requires that journal entries be adequately documented and explained.

Recommendations

Teen's management:

- 7. Maintain a single accounting system with separate cost centers for each program, which clearly identify funds received and expended to care for children under the FFA and GH contracts.**
- 8. Ensure each program's expenditures are accurately recorded in the accounting records, and that all transactions, including journal entries, are adequately supported with documentation.**

Disbursement Controls

Teen's does not have written policies and procedures over disbursements. The Agency processed 47 (59%) of 80 disbursements, totaling \$53,513, using payment request forms with the administrator's and ED's approval signatures either photocopied or rubber stamped. Using pre-approved disbursement forms could result in unauthorized purchases.

Five (6%) of the 80 purchases reviewed, totaling \$4,465, were payments to employees for using their own money to make Agency-related purchases. For example, one employee was reimbursed \$1,043 for purchasing gift cards for the foster children. A portion of the expense was inadequately supported. The GH Administrator indicated staff routinely make purchases for the Agency with personal funds, and are later reimbursed by the Agency. We questioned a total of \$765 in employee reimbursements in the Unallowable Costs and Unsupported/Inadequately Supported Costs sections of this report. Teen's should establish policies and procedures to limit the use of employees' personal funds to pay for FFA/GH purchases.

Teen's also reimbursed one staff for excessive mileage. The Agency's mileage policy states that employees cannot be reimbursed for travel between their homes and their office. However, we noted that one employee was paid \$139 for 365 miles of travel between home and office. We questioned this payment as part of our

Unsupported/Inadequately Supported Costs. Teen's needs to ensure management adequately reviews mileage claims before authorizing payment.

As noted in the Unsupported/Inadequately Supported section of this report, Teen's does not have a cell phone policy. As a result, we could not determine the business-related portion of \$2,313 in cell phone expenditures. The Agency should develop and implement a cell phone policy to prohibit personal use of Agency cell phones, and limit reimbursement for employees' cell phone charges to Agency-related calls.

Recommendations

Teen's management:

- 9. Establish and implement policies and procedures to ensure that disbursements are properly authorized, and limit employee reimbursements for regularly purchased goods.**
- 10. Ensure mileage claims are reviewed for accuracy before authorizing payments.**
- 11. Establish and implement a cell phone policy to prohibit personal use of Agency cell phones, and limit reimbursement for employees' cell phone charges to Agency-related calls.**

Payroll/Personnel

A-C Handbook Section B.3.1 requires that time cards or time reports indicate total hours worked each day by program. Section A.3.2 requires employee time records to indicate hours worked by program, accounting for total hours worked each day. The ED's FFA and GH 2009 time sheets reported a total of 660 overlapping hours worked on both programs at the same time. Teen's needs to ensure that employee time sheets reflect the actual hours worked on each program.

Teen's paid the GH Administrator a monthly salary for administrative work, and an hourly rate for child care work. However, the employee's time sheet did not identify which activities (e.g., administrative or child care work) were performed during the hours noted on the time sheet. The Agency needs to ensure that employees with different functional activities and pay rates identify the hours worked by position/program on their time sheets.

A-C Handbook Section B.3.3 requires agencies to keep employee benefit balances (e.g., sick time, vacation, personal time, etc.) on at least a monthly basis. Benefit balances should be increased when benefit hours are earned, and decreased as hours are used. Teen's did not track employee vacation and sick benefit balances. The Agency did track the use of benefits in the payroll registers, and subsequently provided

us with estimated balances based on the payroll registers. However, Teen's needs to track employee benefit balances on an ongoing basis.

A-C Handbook Section A.3.2 requires personnel records to include employees' approved pay rates. Three (25%) of 12 personnel files reviewed did not have the employees' current authorized salary rate on file. This issue was also noted in our December 10, 2003 report. Teen's should ensure they document employees' approved salary rates.

Recommendations

Teen's management:

- 12. Ensure employee time sheets and payroll registers show actual hours worked each day by functional activity and program.**
- 13. Track and maintain employee benefit balances on at least a monthly basis.**
- 14. Document employees' current authorized salary rates in their personnel files.**

Employee Classification

A-C Handbook Section A.2.6 requires agencies to comply with Internal Revenue Service (IRS) guidelines in classifying employees and independent contractors. The State Employment Development Department (EDD) Employment Determination Guide states that if the work being performed by an individual is an integral part of the regular business of the employer, then there is a strong indication that the worker is an employee.

Teen's paid 27 social workers during the review period. Twelve were paid as contractors, eleven were paid as employees, and four were paid as both employees and contractors. The job duties and responsibilities were the same for all 27 social workers, regardless of employment status.

Since social work is an integral part of the Agency's business, Teen's may be misclassifying their social worker contractors. The Agency needs to ensure they properly classify workers as employees or contractors to avoid IRS/EDD fines, penalties, and interest for misclassifying workers.

Recommendations

- 15. Teen's management ensure they properly classify workers as employees or contractors.**

- 16. DCFS management ensure that Teen's does not use foster care funds to pay any fines, penalties, or interest that may be assessed if the Agency misclassifies employees.**

Reporting Independent Contractor Payments

A-C Handbook Section A.2.6 requires contractors to properly report payments to independent contractors using the IRS' 1099 Miscellaneous Income Form (1099s). We noted that Teen's did not issue 1099s to two independent contractors; one who was paid \$2,200 for handyman repairs, and another who was paid \$900 for janitorial services.

Finally, FFA and GH contracts Section 18.1 requires agencies to obtain criminal clearances for all employees and independent contractors who may have contact with placed children. Teen's did not obtain a criminal clearance for one contractor who had full access and his own key to the GH. The Agency paid this contractor for janitorial and handyman services, as well as delivering groceries to the GH and taking the GH vehicle for repairs. We immediately notified DCFS of this finding to ensure child safety.

Recommendations

Teen's management:

- 17. Ensure that all payments to independent contractors are reported on 1099s.**
- 18. Obtain criminal clearances for all employees and independent contractors who may come into contact with placed children.**

Separation of Duties

A-C Handbook Section B.1.3 states that employees who handle cash should not record cash receipts in the accounting records. Section B.1.4 states that bank statements should be received and reconciled by someone with no other cash handling, check writing, or bookkeeping functions.

Teen's bookkeeper receives, deposits, records, and reconciles all cash receipts. The lack of separation of duties increases the risk of misappropriation.

Recommendation

- 19. Teen's management ensure bank statements are received and reconciled by someone with no other cash handling, check writing, or bookkeeping functions.**

Bank Reconciliations

A-C Handbook Section B.1.4 states that monthly bank reconciliations should be signed and dated by both the preparer and the reviewer, and that reconciling items should be resolved timely.

The bank reconciliations for the Agency's FFA and GH bank accounts were not signed or dated by the preparer or reviewer. The FFA bank account had eight checks, totaling \$2,532, that had been outstanding for more than six months.

Recommendation

- 20. Teen's management ensure that bank reconciliations are signed and dated by both preparer and reviewer, and that reconciling items are resolved timely.**

Fixed Assets

A-C Handbook Section B.4.0 recommends that all fixed assets with an acquisition cost of \$5,000 or more with a useful life of more than two years be included in the Agency's fixed asset listing and be depreciated over their useful life. A-C Handbook Section B.4.2 also requires agencies to tag all fixed assets, and keep a current fixed asset listing, including the item description, serial number, date of purchase, acquisition cost, and source(s) of funding used to purchase the asset. In addition, agencies should inventory their fixed assets annually, to ensure that all fixed assets are accounted for.

Teen's did not include one vehicle with an acquisition cost over \$5,000 in their fixed asset listing or their depreciation schedule. In addition, Teen's did not tag its fixed assets, and the Agency's fixed asset listing did not include the item's description, serial number, date of purchase, acquisition cost, and source(s) of funding. The Agency also does not inventory its fixed assets annually.

We also noted that Teen's could not account for a \$1,082 gas range purchased from Lowes. Agency management indicated the stove was delivered to the GH, but the gas range in the GH did not match the make or model on the store receipt. We questioned this purchase as part of our Unsupported/Inadequately Supported Costs.

Recommendations

Teen's management:

- 21. Include all fixed assets with an acquisition cost over \$5,000 in the fixed asset listing and depreciation schedule.**
- 22. Ensure fixed assets are appropriately tagged; maintain a fixed asset list that includes the item descriptions, serial numbers, date of purchase,**

acquisition cost, and source(s) of funding; and conduct an annual inventory of fixed assets.

Board Meeting Minutes

California Corporations Code Section 5215 requires the Board of Directors' (Board) meeting minutes be certified by the Board Secretary. Five (83%) of six Board meeting minutes reviewed were not signed by the Board Secretary. In addition, Health and Safety Code Section 1520.1 (e) requires that discussions of specific children or employees be kept confidential, and their names should not appear in the minutes. Teen's Board discussed issues regarding an employee and a child's death, and documented the employee's and child's names in the minutes.

Recommendation

- 23. Teen's management ensure that the Board meeting minutes are signed by the Board Secretary, and that discussions involving specific children or employees are kept confidential, and that their names do not appear in the minutes.**

Semi-Annual Expenditure Reports

Contract Section 17.2 requires agencies to prepare and submit Semi-Annual Expenditure Reports (SAER) to DCFS within 60 days after the end of each reporting period. Teen's did not submit the July 1, 2009 through December 31, 2009 SAER to DCFS until 2012.

Recommendations

- 24. Teen's management ensure SAERs are submitted to DCFS timely.**
- 25. DCFS management ensure foster care providers submit the SAERs timely, and hold agencies accountable for failing to comply.**

SUMMARY OF ALLEGATION REVIEW

We reviewed 20 allegations of fiscal and management issues at Teen's Happy Homes, Inc. Most of the 20 allegations we received claim that Teen's used foster care funds inappropriately. We substantiated five (25%) of the 20 allegations; partially substantiated three (15%) allegations; did not investigate one (5%) allegation; and did not substantiate the remaining eleven (55%) allegations.

Allegation No.	Allegation	Conclusion	Reported on Fiscal Review	Questioned Amount
1	The Operations Manager (OM), who is also the Executive Director's (ED) daughter, remained on the payroll and continued to receive a regular paycheck between June 2008 through most of 2010, after being diagnosed with a serious medical condition, and was not working because of her illness.	The allegation was partially substantiated. The OM was diagnosed with an illness in June 2008 that may have prevented her from working during normal business hours until June 2009. While the OM provided some limited evidence of work done before July 2009, staff interviews and other evidence only document work she performed after July 2009, and that she was present at the facility beginning in September 2009.	Yes Unsupported/ Inadequately Supported Costs	\$49,569
2	The Agency paid the \$10,000 down payment on the ED's personal vehicle, a Toyota Venza, which is not used for Agency business, and pays the vehicle loan payments and insurance.	The allegation was substantiated. The Agency paid the ED's personal vehicle expenses.	Yes Unallowable Costs	\$23,032
3	The ED's daughter (also the OM) was paid \$1,000 for mileage reimbursement while the OM was not working because of her medical condition.	The allegation was not substantiated. We did not identify any mileage reimbursements to the OM.	No	
4	The disbursement approval process was circumvented by the ED and the President of the Agency's Board of	The allegation was substantiated. Teen's did not have required approval signatures for 47 (59%) of	Yes Unallowable	\$6,391

Summary of Allegation Review

	Directors (Board). Required forms, such as the Check Requisition form, and required authorizing signatures were not obtained.	80 expenditures reviewed. We questioned 13 (28%) of the 47 expenditures in the fiscal audit of Teen's because they were allowable or unsupported/inadequately supported.	Costs and Unsupported/ Inadequately Supported Costs	
5	The Agency's Board President is fully aware of the Agency's financial mismanagement and may be benefiting from it. The Agency pays the Board President's Sprint cell phone bill.	The allegation was not substantiated. We found no indication that the Agency was paying for the Board President's cell phone. However, we noted that the Agency's cell phone expenditures appeared to be excessive.	Yes Unsupported/ Inadequately Supported Costs	\$2,313
6	The ED issued a check for approximately \$1,000 or \$1,500, to an employee who had resigned, and was moving to Puerto Rico. The payment was allegedly for appliances and furniture that the ED bought from the employee, to be used at the ED's personal residence, and the ED's old appliances/furniture were placed at the Group Home (GH). The informant did not know if the check was payable to the former employee, or to a furniture store.	The allegation was not substantiated. We did not identify any non-payroll payments to the former employee in question. However, we did note that that the Agency used foster care funds to purchase a gas range for the GH that was not at the GH. We were unable to locate the range.	Yes Unsupported/ Inadequately Supported Costs	\$1,082
7	The ED uses an Agency MasterCard and does not have receipts to support purchases made with this card. In addition, the ED and Administrator misuse the American Express card.	The allegation was substantiated. We identified \$6,753 in questionable expenditures on the ED's American Express card that were paid for by the Agency, including \$2,987 in unsupported expenditures, and \$3,766 in inappropriate personal and non-Program related travel expenditures.	Yes Unallowable Costs and Unsupported/ Inadequately Supported Costs	\$6,753 (includes the \$1,082 noted in Allegation 6)
8	The Agency's Board	The allegation was		

Summary of Allegation Review

	approved an \$18,000 salary raise for the ED. The Agency employees were then put on unpaid leave from December 28, 2009 to January 2, 2010, and then the Agency implemented furloughs.	substantiated. The ED did receive a salary increase, while the Agency employees were placed on unpaid leave and one-day per month unpaid furloughs. However, the ED's salary increase was approved by Teen's Board, and was within Child Welfare League of America (CWLA) Salary Study limits.	No	
9	The Agency paid the ED's former foster child for maintenance services while he was out of the State.	The allegation was substantiated. The Agency paid a former foster child for janitorial /maintenance services at the Foster Family Agency (FFA) when he was out of the State.	Yes Unsupported/ Inadequately Supported Costs	\$2,700
10	The Agency denied a foster child's request for medicine because it alleged it did not have any funds to pay for it. Since the Agency does not have funds to pay for important items such as medicine, the informant wondered if there might be possible ghost employees depleting the Agency's funds.	The allegation of a child not receiving medication was not substantiated. However, under Teen's policy, a child might be unable to access medical care if the child does not have Medi-Cal. We did note that Teen's paid \$19,200 in wages to an individual whose employment at Teen's was questionable.	Yes Unallowable Costs	\$19,200
11	The Agency's blatant lack of support to its children and families albeit financial, recreational, and case management necessitated justifications.	The allegation was not substantiated. Although the monitoring reports noted some deficiencies with the Agency's programs, the reports also indicate that, in general, families and children were satisfied with the services that Teen's provided.	No	
12	The unqualified Human Resource (HR) Director inappropriately interferes in the daily clinical-related child	The allegation was not substantiated. There was no evidence that the HR Director had interfered with	No	

Summary of Allegation Review

	and family case management activities of social workers and supervising staff.	the child and family case management activities of social workers and supervising staff.		
13	The ED has contributed to the stress of workers, and created a hostile work environment through statements to staff about her power to "fire" staff at her whim, pleasure, and discretion.	The allegation was not substantiated. According to staff interviewed, the ED is known to make statements to employees regarding their at-will status, and her authority to discipline her employees. However, the employees interviewed did not indicate that this created a hostile work environment.	No	
14	Teen's misuses and mismanages taxpayer funds allotted to foster children and families.	The allegation was partially substantiated. We noted some questioned costs. However, Teen's complied with the State's minimum requirement for payments to foster families, and the County's program monitoring reports did not identify material instances of non-compliance with Program requirements, that might be the result of the misuse or mismanagement of contract funds.	Yes, Unallowable Costs and Unsupported/ Inadequately Supported Costs	\$107,369
15	Teen's Board and the ED have an intransigent and "out of touch" attitude towards staff's requests, and suggestions to improve the lives of the children and families, and work conditions within the Agency.	The allegation was not substantiated. Board meeting minutes suggest that the Board has taken some proactive steps to address the needs of both the children it serves and its employees. The Board also appears to be independent.	No	
16	Staff were instructed to complete time sheets as a result of our review. Time sheets were not done otherwise.	The allegation was not substantiated. We could not verify that the employees were instructed to complete time sheets because of our review. However, we noted overlapping time in the hours reported by the ED,	No	

Summary of Allegation Review

		and inconsistent signatures.		
17	As a budget cutting measure, Teen's did not have a full-time FFA Administrator. The GH Administrator split her time between the Agency's FFA and GH Programs which violates County and State staffing requirements.	The allegation was not substantiated. Although the GH Administrator also worked at the FFA as a Supervising Social Worker, she was not the FFA Administrator. Working two positions simultaneously is not a violation of any County or State requirements. We did not identify any period where Teen's did not have an FFA Administrator.	No	
18	The ED has publicly let it be known that she is affiliated with several Department of Children and Family Services (DCFS) and County top-level officials, who have always assisted her in avoiding fiscal audits and oversight.	The allegation is not substantiated. The Auditor-Controller (A-C) and DCFS decide which agencies to review based on performance and risk. There have been no requests from DCFS or other County officials to forego scheduled reviews of Teen's or any other agency.	No	
19	The Agency received money for a mentoring program from a federal grant, but does not provide mentoring services.	Because the County was not funding the mentoring program, we did not review this allegation. We sent the information on the allegation to the federal Department of Justice, and attempted to notify the National Alliance of Faith and Justice.	No	
20	The Agency refuses to address safety hazards at the foster parents' homes.	The allegation was not substantiated. A-C and DCFS monitoring reviews did note a few safety hazards in some of Teen's foster parents' homes. However, it appears that these hazards were corrected. In addition, Teen's corrective action plans indicate that Teen's social workers will monitor	No	

Summary of Allegation Review

		their foster parent homes to identify safety hazards, and that Teen's will conduct quarterly reviews for compliance with safety hazard requirements.		
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Teen's Happy Homes, Inc.
Foster Family Agency and Group Home Contract Provider
Fiscal and Management Allegations Review

We reviewed 20 allegations of fiscal and management issues at Teen's Happy Homes, Inc., (Teen's or Agency) received from the Auditor-Controller's fraud hotline, a Board office's referral, and three informants who were previously associated with Teen's. Our review of the allegations was based primarily on an analysis of the Agency's financial activity during calendar year 2009, and interviews with Teen's management and staff. Details of the results of our review of the allegations are discussed below.

Allegation 1 - The Operations Manager (OM), who is also the Executive Director's (ED) daughter, remained on the payroll and continued to receive a regular paycheck between June 2008 through most of 2010, after being diagnosed with a serious medical condition, and was not working because of her illness.

Conclusion: The allegation was partially substantiated. The OM was diagnosed with an illness in June 2008 that may have prevented her from working during normal business hours until June 2009. While the OM provided some limited evidence of work done before July 2009, staff interviews and other evidence only document work she performed after July 2009, and that she was present at the facility beginning in September 2009.

The OM was paid \$3,813 a month between June 2008 through June 2009. We could not substantiate the employee earned the full-time wages paid to her during this period, because of the minimal work-product provided, and because it is unlikely the OM would have been able to perform a significant portion of her job responsibilities from home, since her job description requires her to address day-to-day facility operations. Based on the lack of documentation of work performed by the OM, we have included the wages paid to her from June 2008 through June 2009 in the questioned costs in our fiscal audit of Teen's.

Review Details: The OM confirmed she was diagnosed with a serious medical condition in June 2008 that prevented her from working during normal business hours. However, the OM indicated that she sometimes worked before or after established business hours. The Agency's Board of Directors (Board) approved the OM to work from home as necessary. We noted that the employee's time sheets indicated she generally worked between 9 a.m. and 5 p.m., which is inconsistent with the employee's statements that she was unable to work during normal business hours. The OM could not provide a reasonable explanation for this discrepancy.

In addition, based on the job description for the OM position, it appears that the OM may have been unable to perform many of the duties (e.g., managing the day-to-day operations of the Foster Family Agency (FFA) office, managing the reception desk, maintaining and overseeing Foster Track, administrative functions, etc.) from home, or

after business hours, as she claimed. Teen's FFA staff interviewed also indicated that, before the Agency moved to a new facility in September 2009, the OM's functions were performed by the FFA Administrator. The OM resumed responsibility for those functions when Teen's moved to the new facility. The OM provided emails written as early as July 2009, documenting her involvement in coordinating the Agency's move to the new facility, and purchasing equipment for the new space.

To document work performed prior to July 2009, Teen's provided copies of 24 cancelled Agency checks for vendor payments from June through October 2008 that they indicated were written by the OM. The handwriting on the checks appears to be consistent with the handwriting on four (50%) of eight of the OM's time sheets reviewed for the same period. However, the handwriting on the other four time sheets is different. Agency staff indicated that these time sheets were completed by a clerk on behalf of the OM because she was too ill to complete the time sheets. The OM's inability to complete some of her time sheets brings into question her ability to perform her other duties during those periods.

To document additional work before July 2009, the OM provided work-related emails that she asserts she responded to. The emails were sent by various parties addressed to the OM's mother, the ED, at her mother's personal email account. The OM indicated she used her mother's email account because the OM did not have a work email account. However, the OM did not provide the responses to any of the emails, or any other evidence that she responded to the emails during the period in question.

Teen's management also indicated that the OM trained their in-house bookkeeper. We confirmed with the bookkeeper that she was trained by the OM when she started working for the Agency. However, the bookkeeper started working for Teen's in February 2008, before the OM became ill.

Finally, we noted that the OM's personnel file did not have a 2009 performance evaluation. Management provided a 2009 evaluation after we brought this to their attention, but the evaluation was not consistent with her prior evaluations. Specifically, the 2009 evaluation was completed and signed by the OM's mother, the ED, while all of her prior evaluations were prepared by the FFA Administrator.

Allegation 2 - The Agency paid the \$10,000 down payment on the ED's personal vehicle, a Toyota Venza, which is not used for Agency business, and pays the vehicle loan payments and insurance.

Conclusion: The allegation was substantiated. The Agency paid the ED's personal vehicle expenses. We have included these expenditures in the questioned costs in our fiscal audit of Teen's.

Review Details: The ED confirmed that the Toyota Venza is her personal vehicle. We noted that the Agency paid a total of \$23,032 for the down payment, warranty, 2009 monthly payments, insurance, and satellite radio for the vehicle. Teen's management

indicated the Agency was making the vehicle payments for the ED to repay loans the ED had made to the Agency dating back to 2003. Teen's provided us with copies of \$14,000 in cashier's checks that were deposited into the Agency's bank account in October 2004 and in March 2007, they indicated were loans from the ED. However, the ED and the Agency were unable to provide documentation that the funds deposited into the Agency's bank account came from the ED, and that the Agency's Board had approved a loan from the ED or an agreement to pay the money back.

Teen's subsequently indicated that the Toyota was used for Agency-related travel. However, the Agency had no mileage logs documenting when the vehicle was used for Agency-related business. They only had store receipts they indicated were from Agency-related shopping trips made using the Toyota. As a result of our review, Teen's created mileage logs based on the store receipts, long after the dates of travel, which did not appear to accurately reflect actual business miles or personal travel.

Allegation 3 - The ED's daughter (also the OM) was paid \$1,000 for mileage reimbursement, even though she never drove for Agency business, and while the OM was not working because of her medical condition (see Allegation 1).

Conclusion: The allegation was not substantiated. We did not identify any mileage reimbursements to the OM.

Review Details: We reviewed all mileage payments from June 2008 through December 2010, and did not find any mileage payments to the OM during that period. We also reviewed all non-payroll payments to the OM for \$1,000 or more during calendar year 2009, and noted one \$1,096 reimbursement for office supplies. The reimbursement was supported by a receipt.

Allegation 4 - The disbursement approval process was circumvented by the ED and the President of the Agency's Board of Directors (Board). Required forms, such as the Check Requisition form, and required authorizing signatures were not obtained.

Conclusion: The allegation was substantiated. Teen's did not have required approval signatures for 47 (59%) of 80 expenditures reviewed. We have included 13 (28%) of the 47 expenditures in the questioned costs in our fiscal audit of Teen's because they were unallowable or unsupported/inadequately supported.

Review Details: Teen's does not have written policies and procedures for approving disbursements. The Agency does have a form to authorize disbursements, which has areas for the signatures of the preparer, the Administrator approving the purchase, and the ED's approval. However, 47 (59%) of 80 expenditures reviewed did not have original required signatures on the forms. The preparer's and Administrator's signatures appeared to be photocopied, and were not original. The ED's approval was a facsimile signature from a rubber stamp which was kept by the bookkeeper.

Allegation 5 - The Agency's Board President is fully aware of the Agency's financial mismanagement and may be benefiting from it. The Agency pays the Board President's Sprint cell phone bill.

Conclusion: The allegation was not substantiated. We did not find any payments for the Board President's cell phone. However, we noted that the Agency's cell phone expenditures appeared to be excessive. We have included these expenditures in the questioned costs in our fiscal audit of Teen's.

Review Details: The Agency does not have an established cell phone policy. We noted that Teen's pays cell phone bills from Sprint and T-Mobile for five Agency phones, and also pays the FFA Administrator's and the Group Homes (GH) Facility Manager's personal cell phone bills without differentiating between personal and business calls. However, we did not see any payments for the Board President's cell phone as alleged. We did note that the ED was assigned three cell phones, one of which had no activity. It is not clear why the ED needs three cell phones. We also could not determine if \$2,314 in charges for four cell phone bills reviewed were all Agency-related, reasonable, or necessary.

Allegation 6 - The ED issued a check for approximately \$1,000 or \$1,500, to an employee who had resigned, and was moving to Puerto Rico. The payment was allegedly for appliances and furniture that the ED bought from the employee, to be used at the ED's personal residence, and the ED's old appliances/furniture were placed at the GH. The informant did not know if the check was payable to the former employee, or to a furniture store.

Conclusion: The allegation was not substantiated. We did not identify any non-payroll payments to the former employee in question. However, the receipts we reviewed indicate the Agency used foster care funds to purchase a gas range for the GH that was not at the GH. We were unable to locate the range. We have included the cost of the range in the questioned costs in our fiscal audit of Teen's.

Review Details: We did not identify any non-payroll payments to the employee in question, or furniture-related payments in the amounts indicated. However, we did note a \$1,082 credit card charge for a gas range purchased from Lowe's Home Improvement. The Agency claimed the gas range was purchased for the GH. However, the item description on the credit card statement and store receipt did not match the gas range we observed at the GH. The Agency claimed that the gas range described on the receipt was exchanged for the range we saw at the GH, and claimed that the store failed to update the receipt with the correct item description.

Allegation 7 - The ED uses an Agency MasterCard and does not have receipts to support purchases made with this card. In addition, the ED and Administrator misuse the American Express card.

Conclusion: The allegation of unsupported credit card purchases was substantiated. We identified \$6,753 in questionable expenditures on the ED's American Express card that were paid for by Teen's, including \$2,987 in unsupported expenditures, and \$3,766 in inappropriate personal and non-Program related travel expenditures. We have included these expenditures in the questioned costs in our fiscal audit of Teen's.

Review Details: The Agency does not have any credit cards in its name. However, in calendar year 2009, Teen's made payments totaling \$195 to Capital One, and \$17,486 to American Express. Since the payments on the Capital One credit card were immaterial, we did not review supporting documentation for these purchases. Our review of the American Express payments identified \$6,753 in questionable expenditures, including \$2,987 in expenditures without original itemized invoices/receipts, or the receipts provided were inadequate to substantiate that the expenditures were FFA/GH-related, and \$3,766 in personal and other non-Program related travel expenditures made by the ED. The ED reimbursed the Agency \$1,300 for her personal travel expenditures, and we verified the ED used her personal funds to reimburse the Agency. In addition, as a result of our review, the Agency reimbursed the FFA Program \$1,302 for the non-Program related travel expenditures. However, Teen's did not provide documentation to substantiate the source of the funds used to reimburse the Program. The Agency also did not indicate why the ED did not reimburse the Agency for the remaining personal, non-Program related expenditures.

Allegation 8 - The Agency's Board approved an \$18,000 salary raise for the ED. The Agency employees were then put on unpaid leave from December 28, 2009 to January 2, 2010 and then the Agency implemented furloughs.

Conclusion: The allegation was substantiated. The ED did receive a salary increase, while the Agency employees were placed on unpaid leave and one-day per month unpaid furloughs. However, the ED's salary increase was approved by Teen's Board, and was not in excess of the Child Welfare League of America (CWLA) Salary Study limit.

Review Details: We confirmed the ED received a \$1,667 increase to her monthly salary effective September 1, 2009, an annual increase of \$20,000. We reviewed the Board meeting minutes, and verified that the increase was approved by the Agency's Board. The minutes did not specify the reason(s) for the increase. It should be noted that, even with the salary increase, the ED's salary was reasonable based on the 2009 edition of the CWLA Salary Study.

We also confirmed that all other Agency employees were placed on unpaid leave from December 28, 2009 to January 2, 2010, and were placed on one-day per month unpaid furloughs in calendar year 2010. The ED indicated the Agency implemented the furloughs because the State reduced its funding to all GH/FFA agencies.

Allegation 9 - The Agency paid the ED's former foster child for maintenance services while he was out of the State.

Conclusion: The allegation was substantiated. The Agency inappropriately paid a former foster child for janitorial/maintenance services when he was out of the State, and, therefore, could not have performed the services for which he was paid. We have included these expenditures in the questioned costs in our fiscal audit of Teen's.

Review Details: We confirmed that the Agency paid the ED's former foster child a total of \$2,700 from January to September 2009 (\$300 per month), for janitorial/maintenance services at the FFA. However, during this same period, the former foster child was attending a university in Alabama, and therefore, could not have provided the services for which he was paid. The Agency also paid two other individuals for handyman repairs and janitorial services during the same period.

The Agency claims the foster child provided services during his winter and summer vacations. Teen's provided photocopies of invoices for January, and for May through August 2009, to support \$1,500, or five months of payments made to the foster child, and indicated that they overpaid the foster child \$1,200. However, the photocopied invoice received for August 2009 was inconsistent with the invoice we reviewed for the same month during our initial investigation. Specifically, the photocopy did not include the ED's approval signature, whereas the invoice originally reviewed did have the ED's signature, and the stamp to indicate the invoice was paid was in a different location than the original copy. Finally, the Agency paid the foster child for the full month of January and August, even though winter and summer breaks ended on January 14 and August 19, 2009, respectively.

In December 2012, Teen's ED purchased a \$1,200 cashier's check, with funds she indicated were recovered from the former foster child for the overpayment. We verified that the cashier's check was deposited into the Agency's bank account. However, we were unable to verify the source of the funds.

Allegation 10 - The Agency denied a foster child's request for medicine because it alleged it did not have any funds to pay for it. Since the Agency does not have funds to pay for important items such as medicine, the informant wondered if there might be possible ghost employees depleting the Agency's funds.

Conclusion: The allegation of a child not receiving medication was not substantiated. However, under Teen's policy, a child might be unable to access medical care if the child does not have Medi-Cal.

We did note that Teen's paid \$19,200 in wages to an individual for whom Teen's did not have a legitimate personnel file, and the GH Administrator during this period did not have any knowledge of the work this individual did for Teen's. In addition, Teen's could not produce any work done by the individual for the period in question. The Agency indicated that the individual provided assistance to the GH Program. We have included these expenditures in the questioned costs in our fiscal audit of Teen's.

Review Details: We could not identify any child who was denied medication because the allegation did not provide the name of the child, the time period, or any other information about the incident. However, the Department of Children and Family Services (DCFS) received a similar allegation in 2008, and their investigation concluded that the child received the needed medication.

Teen's does not pay for medical/dental visits or prescription drugs for its clients because the clients are covered by Medi-Cal. Teen's policy requires that, if a child does not have a Medi-Cal number before placement, and an emergency Medi-Cal number cannot be obtained from DCFS, the foster parent would be required to pay for the care, and work with the County Social Worker to get reimbursed. California Department of Social Services Manual of Policies and Procedures (CDSS-MPP) Section 88069.2 requires FFAs to ensure placed children receive medical and dental care by a qualified physician or medical clinic. Based on Teen's policies, a child could go without medicine or medical treatment if the child does not have a Medi-Cal number, and the foster parent does not have the money to pay for the medicine or medical needs. Teen's needs to ensure that its policies are consistent with State requirements, and that all clients receive medical and/or dental care.

We did note that, in 2009, Teen's paid \$19,200 in wages to the Executive Director of another group home, as a Teen's GH employee. Although this person was listed as an employee on a 2008 personnel report Teen's submitted to the State and DCFS, the GH Administrator, who has worked in that capacity since July 2008, indicated she was not aware of the person working for Teen's. In addition, we reviewed the individual's personnel file and noted that it contained photocopied and other questionable documents. For example, the file contained photocopied documents containing the name of another GH for which this individual is the Executive Director. The file also had Agency policies (i.e., Drug and Alcohol policy, Sexual Harassment Statement, etc.) signed and dated March 2001 by the individual. However, the forms indicated they were revised in May 2010, after the date they were signed. Teen's also did not have any work product from this individual for the period in question. They did provide a workbook generated by the individual's consulting group for Agency facility manager's training. However, the workbook references out-dated Agency information, and therefore, appears to have been created prior to the period in question.

Teen's indicated that the individual provided assistance to the GH Program. We did note that the ED corresponded with this individual during 2008 for what appeared to be general program and mentoring program issues. While the correspondence establishes a connection between this individual and Teen's during 2008, the absence of a legitimate personnel file, or knowledge of the individual's employment by the GH Administrator, and lack of work-product, calls into question the appropriateness of the payments made to this individual during 2009 as a GH employee.

Allegation 11 - The Agency's blatant lack of support to its children and families albeit financial, recreational, and case management necessitated justifications.

Conclusion: The allegation was not substantiated. Although the monitoring reports noted some deficiencies with the Agency's programs, the reports also indicate that, in general, families and children were satisfied with the services that Teen's provided.

Review Details: Teen's GH has had a total of four Program monitoring reviews by the Auditor-Controller's (A-C) Countywide Contract Monitoring Division (CCMD) and DCFS since 2009. The reports noted weaknesses in assessing children's needs timely, completing comprehensive Needs and Service Plans (NSPs), and obtaining DCFS' approval of the NSPs. Other issues included ensuring the GH was in good repair, and that staff met all the education/experience requirements. However, children interviewed in these monitoring reviews reported feeling safe, having received good care and appropriate services, being comfortable in their environment, and being treated with respect and dignity. In one instance, a child indicated that a staff person's personal problems affected their work. The most recent report (dated August 23, 2012) noted that the GH was clean and well-maintained, and the NSP issues identified were limited to ensuring children were progressing toward meeting the NSP case goals.

Teen's FFA has also undergone two Program monitoring reviews by CCMD and DCFS since 2009, with the most recent report issued August 10, 2012 by DCFS. The reports cited documentation deficiencies in certified foster homes, staff training, and NSPs. Other issues included physical plant deficiencies, security over cleaning solutions at a foster parent's home, and lack of disaster drills at two foster parents' homes. Again, the reports indicated that the foster parents and children interviewed stated that they received good care, support, and services, which was evident in the relationships formed between the FFA staff, foster parents, and the placed children.

Allegation 12 - The unqualified Human Resource (HR) Director inappropriately interferes in the daily clinical-related child and family case management activities of social workers and supervising staff.

Conclusion: The allegation was not substantiated. There was no evidence that the HR Director had interfered with the child and family case management activities of social workers and supervising staff.

Review Details: The HR Director's resumé indicates she has over 20 years of experience in HR.

We interviewed five employees, four social workers, and an Administrator who have worked at Teen's for two or more years to determine if the HR Director had interfered in child and family case management activities. Only one respondent, a social worker, felt that the HR Director had interfered with his case management activities on one occasion. Based on the interview, and correspondence in the employee's personnel file, the incident took place during a meeting between the employee, the employee's supervisor, and the HR Director, to address job expectations and performance issues. While the employee's case management and clinical work were discussed, the alleged interference was limited to the timely submission of work, which is a performance issue.

Allegation 13 – The ED has contributed to the stress of workers, and created a hostile work environment through statements to staff about her power to “fire” staff at her whim, pleasure, and discretion.

Conclusion: The allegation was not substantiated. According to staff interviewed, the ED is known to make statements to employees regarding their at-will status, and her authority to discipline her employees. However, the employees interviewed did not indicate that this created a hostile work environment.

Review Details: We interviewed five employees at Teen's, and all of them said that the ED has made statements reminding them that they are at-will employees, and that she has the authority to discipline staff who do not meet her expectations. However, none of the employees interviewed felt the ED's statements created a hostile work environment. Staff attributed the ED's behavior to a personality trait.

We did note that Teen's received stress complaints from eight employees in July 2010. According to a memo to Teen's Board from Teen's HR, the stress claims were a result of policy changes made by Teen's that included the implementation of a furlough day, and work schedule changes that required social workers to work in the office. The complaints came from six social workers and two supervising social workers. According to the memo, one of the employees rescinded his complaint during HR's investigation, claiming pressure from other employees to file the complaint. As of August 2012, only the employee who rescinded his complaint continued to work at Teen's.

Allegation 14 – Teen's misuses and mismanages taxpayer funds allotted to foster children and families.

Conclusion: The allegation was partially substantiated. We noted some questioned costs. However, Teen's complied with the State's minimum requirement for payments to foster families, and the County's program monitoring reports did not identify material instances of non-compliance with Program requirements, that might be the result of the misuse or mismanagement of contract funds.

Review Details: In 2009, we determined that Teen's paid its foster parents 44% of the Program funds it received through its FFA contract with the County, which exceeds the California Department of Social Services requirements of 40%. In addition, the most recent DCFS Program monitoring reports disclosed no material issues related to compliance with Program requirements that might have been the result of mismanagement or misuse of FFA and GH contract funds.

However, as discussed above, we did note some questioned costs in Teen's use of Program funds (e.g., continuing to pay the OM while she was out on medical leave and not working; paying a former foster child for work not performed; making payroll disbursements to an individual unknown to the GH Administrator who did not have a legitimate personnel file, or evidence of work product during the period in question, etc.). In our December 10, 2003 fiscal review report, we identified \$26,244 in

unallowable, undocumented, or inadequately documented expenses, which also indicates that contract funds may not be consistently expended for reasonable and allowable purchases. It should be noted that Teen's has repaid the \$26,244 in questioned costs identified in our 2003 report.

Allegation 15 – Teen's Board and the ED have an intransigent and “out of touch” attitude towards staff's requests, and suggestions to improve the lives of the children and families, and work conditions within the Agency.

Conclusion: The allegation was not substantiated. Board meeting minutes suggest that the Board has taken some proactive steps to address the needs of both the children it serves and its employees. The Board also appears to be independent.

Review Details: Our review of the minutes for six Board meetings noted discussions about implementing a suggestion box in Teen's FFA office, providing training to staff, investigating allegations of abuse, and incorporating a mentoring program for placed children. In addition, we noted that only one (14%) of Teen's seven Board members during 2009 was an interested party (Agency employee). The State requires that no more than 49% of the persons serving on an agency's Board of Directors be interested parties (i.e., agency employees, related to agency employees, etc.). Accordingly, Teen's Board appeared to be independent.

Allegation 16 - Staff were instructed to complete time sheets as a result of our review. Time sheets were not done otherwise.

Conclusion: The allegation was not substantiated. We could not verify that the employees were instructed to complete time sheets because of our review. However, we noted overlapping time in the hours reported by the ED, and inconsistent signatures.

Review Details: We reviewed 12 employees' time sheets, including the ED's. Based on our initial review, we noted some discrepancies with the ED's time sheets. Therefore, we expanded our review to include all of the ED's time sheets for both the GH and FFA Programs for calendar year 2009. We noted a total of 660 hours where the ED reported working on both the FFA and GH Programs at the same time. For example, on her FFA time sheet, the ED reported working from 8:30 a.m. to 5:00 p.m. However, for the same day, the ED reported working from 3:00 p.m. to 11:00 p.m. on the GH Program. In addition, the ED's signature on some of the time sheets for each Program appeared to be different, which suggests they may not have been signed by the ED. It is unclear if these discrepancies were because the time sheets were prepared to comply with our requests.

Allegation 17 - As a budget cutting measure, Teen's did not have a full-time FFA Administrator. The GH Administrator split her time between the Agency's FFA and GH Programs which violates County and State staffing requirements.

Conclusion: The allegation was not substantiated. We did not identify any period where Teen's did not have an FFA Administrator. In addition, allowing the GH Administrator to also work as a Supervising Social Worker in the FFA is not a violation of any County or State requirements.

Review Details: We noted that the GH Administrator was employed to work at the FFA as a full-time Supervising Social Worker, and part-time (20 hours a week) as the GH Administrator. The employee worked 60 hours a week, and the salary paid to the employee for working both positions was reasonable based on the CWLA Salary Study.

We did not identify any County or State requirements that prohibit an employee from working simultaneously in two positions. The CDSS-MPP allows agency administrators to serve multiple personnel roles, provided the employee is qualified for the position, and is on the premises for the number of hours necessary to properly manage and administer the facility. In addition, we confirmed with State Community Care Licensing that there are no other regulations that prohibit an employee from serving multiple roles.

Although the employee did not meet the requirements of the Supervising Social Worker position, we confirmed that Teen's received an exception from the State to allow this individual to work in this capacity.

Allegation 18 – The ED has publicly let it be known that she is affiliated with several DCFS and County top-level officials, who have always assisted her in avoiding fiscal audits and oversight.

Conclusion: The allegation is not substantiated. The A-C and DCFS decide which agencies to review based on performance and risk. There have been no requests from DCFS or other County officials to forego scheduled reviews of Teen's or any other agency.

Review Details: It is unclear if the ED ever made these statements. However, the A-C Audit Division, A-C CCMD, and DCFS conduct ongoing fiscal and program reviews of FFA and GH contract providers based on an evaluation of each agency's performance and risk. The A-C and DCFS have conducted numerous audits and monitoring reviews of Teen's, so we found no evidence of any interference with reviews of the Agency.

Allegation 19 – The Agency received money for a mentoring program from a federal grant, but does not provide mentoring services.

Conclusion: Because the County was not funding the mentoring program, we did not review this allegation. We sent the information on the allegation to the Department of Justice (DOJ), and attempted to notify National Alliance of Faith and Justice (NAFJ).

Review Details: We confirmed that Teen's received funding to operate a mentoring program. The Agency received some of its funding from the NAFJ, which received its

funding from the federal DOJ. These funds should be used to provide mentoring to teenage males served by the foster care system.

Because the County is not funding the mentoring program, we did not review this allegation. We did send the allegation to the DOJ for possible review, and attempted to notify NAFJ of the allegation.

Allegation 20 – The Agency refuses to address safety hazards at the foster parents' homes.

Conclusion: The allegation was not substantiated. A-C and DCFS monitoring reviews did note a few safety hazards in some of Teen's foster parents' homes. However, it appears that these hazards were corrected. In addition, Teen's corrective action plans indicate that Teen's social workers will monitor their foster parent homes to identify safety hazards, and that Teen's will conduct quarterly reviews for compliance with safety hazard requirements.

Review Details: DCFS' monitoring of Teen's in 2008 and 2009 did not identify any safety hazards at the foster parents' homes. The 2010 report indicated that several foster homes had not obtained the necessary clearances for all adults who resided in the homes. Teen's resolved the issues, and did not have to provide DCFS with a corrective action plan.

The A-C's April 14, 2009 FFA Program monitoring report noted that one of the six foster homes visited did not adequately secure cleaning solutions. Teen's corrective action plan indicated that Teen's visited all the homes to ensure that cleaning solutions and other toxic items were inaccessible to children. Teen's also instructed its social workers to monitor their homes for compliance, and indicated they would review for compliance quarterly. DCFS' August 10, 2012 FFA Program monitoring report did not identify any safety hazards related to storage of cleaning solutions. However, the report did note a standing freezer chest in one certified home that did not have a lock, which could pose a safety hazard to children. Teen's satisfactorily resolved the issue, and did not have to provide DCFS with a corrective action plan.